

**OPENING  
MARCH  
2019**



**CONSTRUCTION PHOTO  
AS OF 3/10/2019**

Offering Memorandum

**DUTCH BROS. COFFEE GROUND LEASE  
SWC LOOP 202 & HIGLEY ROAD  
GILBERT, AZ 85296**

*Marcus & Millichap*





agritopia  
MASTER PLANNED  
COMMUNITY GARDENS  
& CLUBHOUSE



**EAGLES**  
2,500 STUDENTS







57,400 CPD

S HIGLEY RD  
28,000 CPD

NO BUILD AREA

MEDICAL OFFICE  
BUILDINGS

E AGRITOPIA LOOP N

MEDICAL OFFICE  
BUILDINGS



**DUNKIN' DONUTS**

**WILLIAMS FIELD HIGH SCHOOL**  
1,800 STUDENTS

**Orangetheory FITNESS**  
**Colair**  
BEAUTY LOUNGE & DAY SPA  
**BACKYARD TACO**

**JOE'S Farm Grill**  
**the uprooted kitchen**  
**GARAGE EAST**  
**THE FARM**  
agritopia  
**WEST**  
BREWING CO.

**agritopia**  
MASTER PLANNED COMMUNITY GARDENS & CLUBHOUSE

**WELLS FARGO**  
**Sunrise Preschools**

**DUTCH BROS**  
Coffee

**LA FITNESS**

**MEDICAL OFFICE BUILDINGS**

**S HIGLEY RD**  
**28,000 CPD**

**57,400 CPD**

**LOOP 202**

**LOOP 202**

**DUTCH BROS. COFFEE GROUND LEASE**

SWC Loop 202 & Higley Road  
 Gilbert, AZ 85296

FINANCIAL SUMMARY	
Price	\$1,375,000
Down Payment	100% \$1,375,000
Cap Rate	5.0%
Building SF	804 SF
Net Cash Flow	5.0% \$68,750
Year Built	2019
Lot Size	.78 Acres

LEASE SUMMARY	
Lease Type	Absolute Triple-Net (NNN) Ground Lease
Tenant	Higley/202 DB LLC, dba Dutch Bros. Coffee
Guarantor	5 Year Guarantee by Thompson/McCarthy Coffee Co.
Est. Lease Commencement Date	March 2019
Est. Lease Expiration Date	February 2034
Lease Term	15 Years
Rental Increases	10% Every 5 Years
Renewal Options	4, 5 Year Options

ANNUALIZED OPERATING DATA		
LEASE YEARS	ANNUAL RENT	CAP RATE
1 - 5	\$68,750.00	5.00%
6 - 10	\$75,625.00	5.50%
11 - 15	\$83,187.50	6.05%
OPTIONS	ANNUAL RENT	CAP RATE
Option 1	\$91,506.25	6.65%
Option 2	\$100,656.88	7.32%
Option 3	\$110,722.57	8.05%
Option 4	\$121,794.82	8.86%

<b>BASE RENT</b>	\$68,750
Net Operating Income	\$68,750
Total Return	5.0% \$68,750





Dutch Bros. Coffee was founded in 1992 in Grants Pass, Oregon by Dane and Travis Boersma, brothers of Dutch descent. Today, Dutch Bros. Coffee is the country's largest, privately held drive-thru coffee company. Dutch Bros. now has approximately 325 stores open in 7 states and is planning on heavy growth over the next 5 years.

The company donates over \$2 million a year to its local communities and nonprofit organizations.

Dutch Bros. Coffee roasts all its own coffee, a three-bean blend sourced from direct relationships with Salvadorian, Brazilian, and Colombian coffee plantations. In October 2014, the company announced the release of Dutch Bros. Single-Serve Cups compatible with Keurig-style brewers. In 2012, the Company launched its own energy drink, Blue Rebel, and in May 2016 introduced Cold Brew Coffee.

<https://dutchbros.com>

#### **FRANCHISEE OVERVIEW: Thompson/McCarthy Coffee Co.**

In 2006, the group became the franchisees for an area in the Phoenix Valley, from Cave Creek to Santan Freeway, 35th Avenue on the west side to Queen Creek. Today, they have 20 stores completed under the company name, Thompson McCarthy Coffee Co. Total sales for the franchise are among the highest in Dutch Bros. due to the number of stores and the higher than average sales. Over the next 18 months, they plan to build out and open 4 more new stores.

INVESTMENT HIGHLIGHTS

- New 15-Year Absolute Triple-Net (NNN) Ground Lease
- Brand New Construction – Scheduled to Open March 2019
- Ten Percent Rental Increases Every Five Years
- 240,477 Residents in Growing Gilbert Trade Area – Phoenix MSA
- Hard Corner Location at the Intersection of S Higley Road & E Agritopia Loop (28,000+ CPD)
- Excellent Visibility – Located Directly Off the Loop 202 Freeway (57,400+ CPD)
- Outparcel to LA Fitness – Scheduled to Open March 2019
- Situated in Agritopia, a Unique 166-Acre Mixed-Use Master Planned Community in Gilbert
- High Growth Area – Households Projected to Increase 29%+ in Immediate Area by 2022
- Close Proximity to SanTan Village, an Open-Air Super Regional Shopping Center
- Average Household Income Exceeds \$108K in 3-Mile Radius

DEMOGRAPHICS

Population	1-Mile	3-Miles	5-Miles
2022 Projection	17,324	112,221	282,379
2017 Estimate	13,835	91,718	240,477
Growth 2017 - 2022	25.22%	22.35%	17.42%
Households	1-Mile	3-Miles	5-Miles
2022 Projections	6,274	37,175	96,648
2017 Estimate	4,832	29,411	80,541
Growth 2017 - 2022	29.83%	26.40%	20.00%
Income	1-Mile	3-Miles	5-Miles
2017 Est. Average Household Income	\$98,211	\$108,678	\$99,328
2017 Est. Median Household Income	\$81,997	\$87,863	\$78,945
2017 Est. Per Capita Income	\$34,302	\$34,908	\$33,312

LOCATION OVERVIEW

As part of the Phoenix MSA, Gilbert, Arizona has evolved into one of the fastest growing communities and the largest town in the United States. Encompassing 72.6 square miles, just southeast of Phoenix, Gilbert has transformed from an agricultural community to a thriving and economically-diverse suburban community.

Gilbert’s booming housing industry is coupled with booming business. With a targeted focus in the Science, Technology, Engineering and Math industries, Gilbert is home to many companies with focuses in Advanced Manufacturing, Aerospace and Defense, Bio-Technology, Clean Technology and Renewable Energy.

Gilbert boasts a nationally ranked K-12 education system including public schools, unique magnet and charter schools, with an average graduation rate of 90%. Nearly 40% of Gilbert residents hold a bachelor’s degree or higher and the median household income is \$80,080.

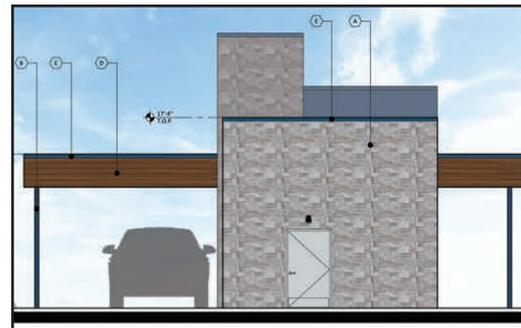
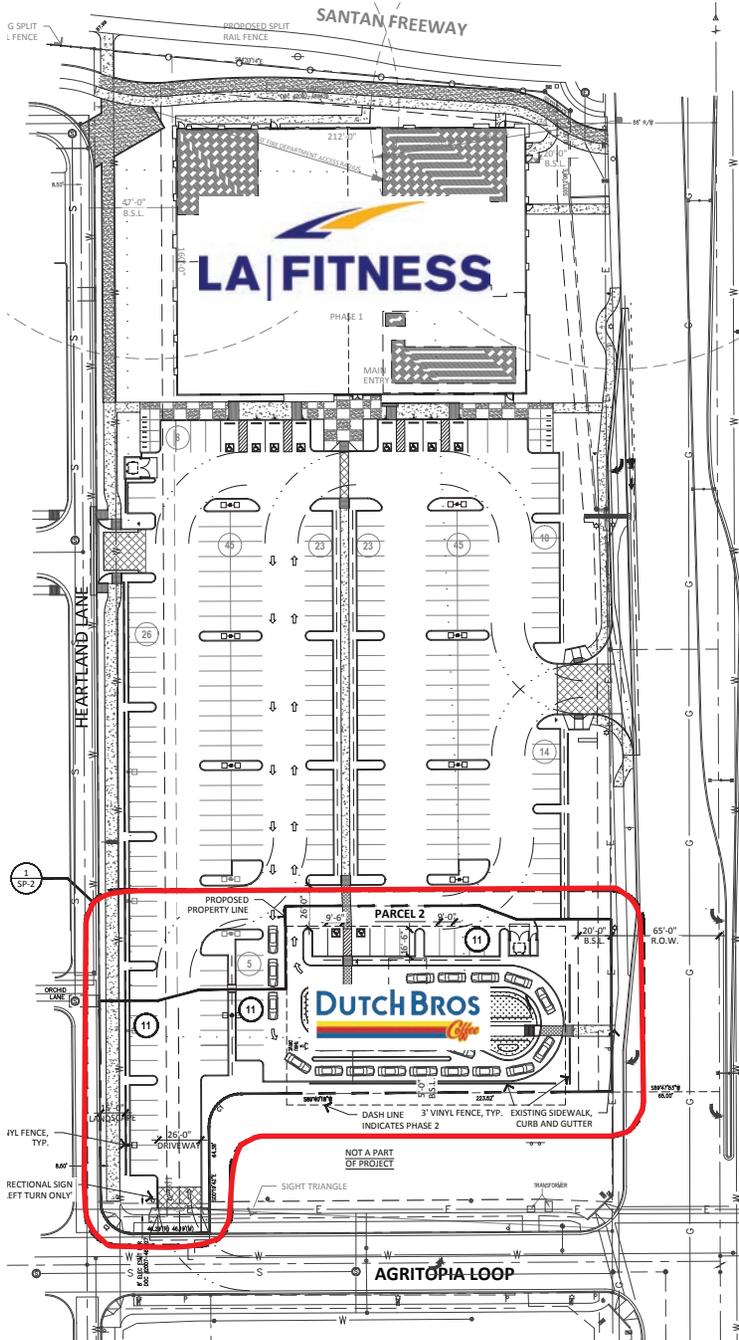
As Gilbert approaches build-out over the next decade, the estimated population is expected to reach 330,000. With a continued focus on building the latest satellites, conducting cancer research and producing algae technology, Gilbert will continue to grow and thrive and uphold its reputation as being clean, safe and vibrant.

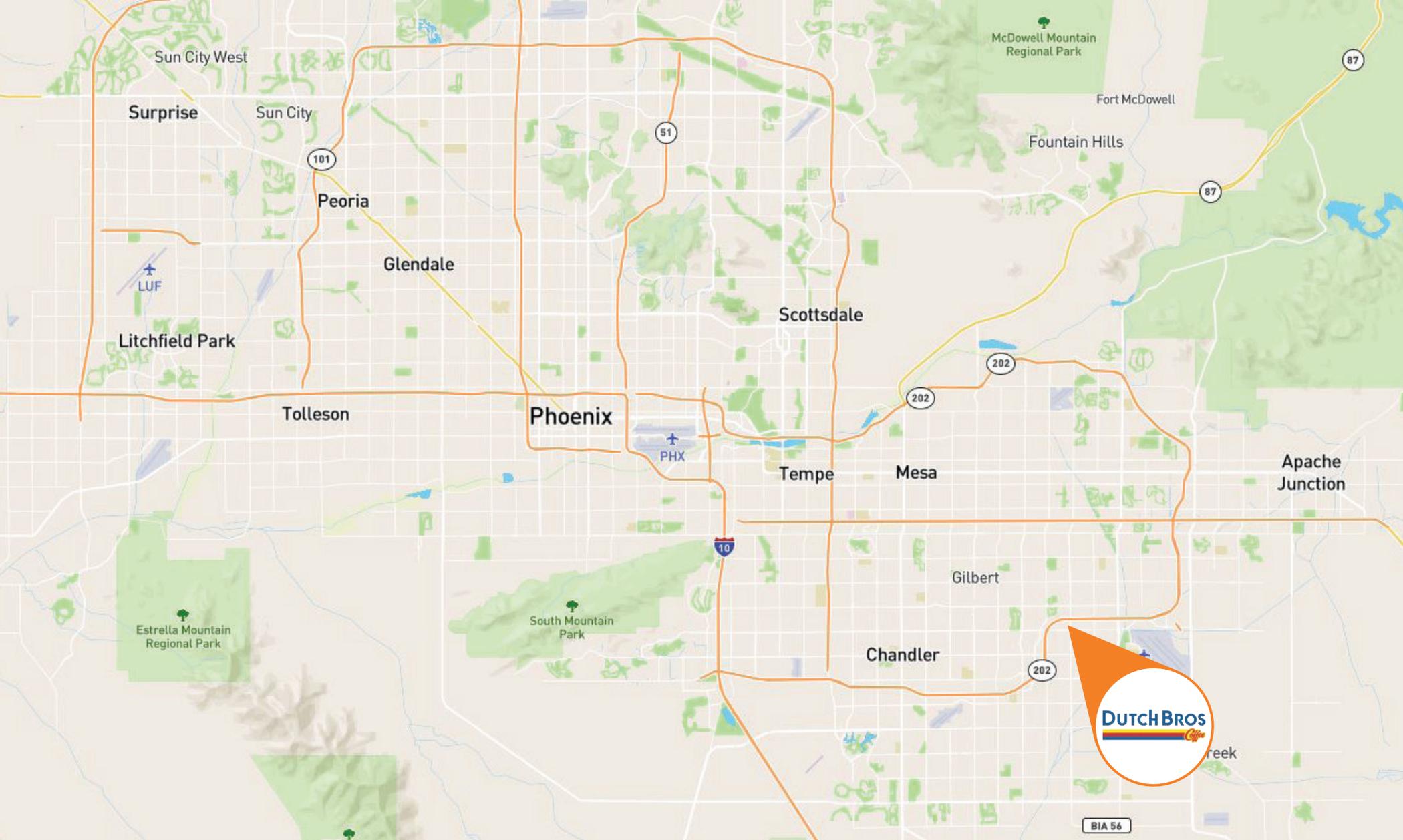
As one of the primary beneficiaries of the massive shift in the U.S. population from north to south, the Phoenix metro has had little difficulty finding workers. Phoenix claims five Fortune 500 headquarters, including Freeport-McMoRan, Republic Services, Insight Enterprises, Avnet and PetSmart. Construction, high-tech manufacturing, healthcare and tourism dominate the Phoenix economy. The local economy has strengthened since the recession, with retail sales projected above 8 percent this year and hotel occupancy levels rising.

High-tech manufacturing has been a powerful driver in the local economy for two decades. The region’s relatively low cost of doing business has encouraged several manufacturers to remain and expand in the area, while luring others. The strengthening economy has drawn job seekers to the area, boosting the housing market.









**3 MILES**  
**SanTan Village**  
**Shopping Center**

**6 MILES**  
**Downtown**  
**Gilbert**

**18 MILES**  
**Arizona State**  
**University**

**25 MILES**  
**Phoenix Sky Harbor**  
**International Airport**

## Net Leased Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

**By accepting this Marketing Brochure, you agree to treat the information contained herein regarding the lease terms as confidential and proprietary and to only use such information to evaluate a potential purchase of this net leased property.**

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

## Confidentiality Agreement

The information contained in the following offering memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and it should not be made available to any other person or entity without the written consent of Marcus & Millichap. By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property at this time, please return this offering memorandum to Marcus & Millichap.

This offering memorandum has been prepared to provide summary, unverified financial and physical information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this offering memorandum has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

**ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT THE MARCUS & MILLICHAP AGENT FOR MORE DETAILS.**

exclusively listed

Exclusively listed by:

Marcus & Millichap

**JAMIE MEDRESS**

Executive Managing Director  
PHOENIX OFFICE  
Tel: (602) 687-6778  
Fax: (602) 687-6717  
jmedress@marcusmillichap.com

**MARK RUBLE**

Senior Managing Director  
PHOENIX OFFICE  
Tel: (602) 687-6766  
Fax: (602) 687-6710  
mruble@marcusmillichap.com

**CHRIS LIND**

First Vice President  
PHOENIX OFFICE  
Tel: (602) 687-6780  
Fax: (602) 687-6710  
chris.lind@marcusmillichap.com

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[www.marcusmillichap.com](http://www.marcusmillichap.com)